

Sustainability Report



Industrivärden's view of sustainability

Industrivärden's mission is to contribute to good growth in net asset value of the Company's assets through active ownership. The active ownership role entails a long-term investment perspective and a natural involvement in the portfolio companies' strategic development. By contributing to the development of long-term competitive companies, Industrivärden enables growth in value over time and sustainable development. Industrivärden is therefore an owner that makes demands and has high ambitions to contribute to sustainable businesses that benefit the communities in which they are conducted. This involves minimizing sustainability-related risks as well as capitalizing on sustainability-related opportunities. From an overarching perspective, Industrivärden has the greatest sustainability influence through its role as an active owner of its portfolio companies.

In addition, Industrivärden conducts sustainability work in its own operations, where focus is on being a responsible employer.

Central frameworks

Industrivärden's operations are conducted with a foundation in the Company's Code of Conduct and policies. Through active ownership Industrivärden works to ensure that its values and ethical guidelines will also permeate the companies in which it is an active owner. The Code of Conduct has been adopted by the Board of Directors and is revised yearly. In short, it stipulates that:

- good business ethics and clear corporate governance with a genuine sustainability perspective contribute to long-term value creation and sustainable development of society,
- the workplace shall be distinguished by openness, responsiveness and mutual respect,
- the Company repudiates all forms of discrimination and believes that diversity in all forms enhances knowledge, dynamism and the quality of operations, and
- the Company shall apply and integrate the UN Global Compact and its ten principles in the areas of human rights, labor, anti-corruption and the environment.

It its sustainability work Industrivärden also adheres to global initiatives such as the OECD's Guidelines for Multinational Enterprises, the ILO's eight fundamental conventions and the UN Guiding Principles on Business and Human Rights.

From an influence perspective, the business sector has a central role in creating a sustainable world. Industrivärden is therefore a signatory of the UN Global Compact and has worked since 2015 to promote its ten principles. Yearly development steps are outlined in this sustainability report, which also makes up our Communication on Progress (CoP) to the Global Compact for the full year 2021. Industrivärden's commitments for 2022/2023 are stated in the CEO's message on pages 10–11.



Stakeholders, materiality analysis and focus areas

Industrivärden's sustainability-related focus areas have been identified and concretized with a foundation in a materiality analysis. This analysis draws from Industrivärden's abilities to influence through its ownership role, a materiality perspective, and a stakeholder analysis based on continuous stakeholder dialogues. Within the framework of the stakeholder analysis, Industrivärden engages shareholders and potential investors, other large owners of the portfolio companies, representatives from the portfolio companies, Industrivärden's employees, and authorities, legislative bodies and non-governmental organizations. The stakeholder dialogues are an integral part of operations and are conducted within the framework of numerous external meetings as well as through structured dialogues at investor meetings, for example. Knowledge is also obtained through various partnerships, such as our involvement in Swedish Investors for Sustainable Development (SISD).

The materiality analysis shows that certain approaches and activities are considered to have a considerably high level of materiality. Industrivärden aspires to be an engaged and responsible owner that contributes to well-run companies for sustainable societal development. It can thereby offer a long-term, sustainable investment with a competitive return at balanced risk. Industrivärden aims to develop strategic sustainability work and puts particular emphasis on structural sustainability aspects such as the climate, diversity and anti-corruption etc. Sustainability issues of a more operational character in the portfolio companies are considered to have medium-high materiality. These include taxes, business ethics and health, among other areas.

With a base in the sustainability analysis, four sustainability focus areas have been identified, which Industrivärden actively drives through its ownership role.

These are:

- Long-term sustainable production and innovation that support development of sustainable products and services
- Responsible businesses and organizations that create sustainable economic growth through diversity, good business ethics, good working conditions and respect for human rights
- Minimized negative climate and environmental impacts
- A long-term sustainable role in society that contributes to positive development in the communities in which the companies work

Based on these focus areas, relevant goals have been set with support of the UN's Agenda 2030 framework for the Sustainable Development Goals (SDG). From an influence perspective, SDGs 5, 8, 9, 12, 13 and 16 relate to Industrivärden's portfolio companies within the framework of Industrivärden's active ownership.

SDGs 5 and 13 also pertain to the Company's own operations. During the year, the UN's Intergovernmental Panel on Climate Change (IPCC) published its sixth major climate report, which highlights the need to dramatically reduce carbon emissions and limit global warming to 1.5 degrees Celsius. Against this background, significant action is required of companies in all sectors to be able to achieve the goals of the Paris Agreement and Agenda 2030. Most of Industrivärden's carbon emissions are associated with its ownership in the portfolio companies. Industrivärden has therefore concretized its goals pertaining to the climate – both for the portfolio and for its own operations. In addition to this, Industrivärden has also set a diversity goal.

Goal formulations along with follow-up indicators and examples of goal achievement are provided in the tables on pages 24–26.

Active ownership

Industrivärden expects the portfolio companies to have a sustainable approach in all aspects of their operations. This results in competitive companies, enables growth in value and promotes sustainable development of society. Particular impetus is put on material sustainability risks and sustainability-related opportunities from risk mitigation and value-creation perspectives. Industrivärden's overarching ambition is to:

- be a well-informed owner that sets requirements with a clear sustainability perspective and that contributes to sustainable development of society, and
- be a long-term and sustainable investment that offers a competitive total return at balanced risk.

To materialize these ambitions, Industrivärden conducts the following:

- Continuous analysis and follow-up of the respective portfolio companies in accordance with Industrivärden's integrated sustainability analysis
- Formulation of owner agendas for the respective portfolio companies and measures to influence them in accordance with Industrivärden's business model. Industrivärden's owner agendas and influencing measures are described in more detail on pages 16–21

- Dialogues with prioritized stakeholders aimed at soliciting views in support of further development of Industrivärden's sustainability work

Industrivärden's sustainability analysis

Being able to conduct a qualitative analysis of the portfolio companies' sustainability work – and exercising influence when needed – requires that Industrivärden has deep knowledge about the respective companies' operations and sustainability-related matters. The sustainability analysis is therefore an integral part of the fundamental analysis that is conducted of the respective portfolio companies. In this way, all sustainability aspects are evaluated from a holistic ownership perspective when assessing the portfolio companies' boards and management teams, strategic issues and financial performance. The sustainability analysis constitutes a more in-depth evaluation of sustainability issues and encompasses the portfolio companies' organizations, structures, risk management, utilization of value-creating opportunities and communication.

The analysis is materiality-oriented and ranks the issues that Industrivärden intends to study further as well as matters over which it wants to exercise influence. Important areas of assessment include climate and environmental impacts, social conditions, anti-corruption, and prevention of human rights violations. The portfolio companies are to have the boards, leadership, organizations and resources needed to integrate sustainable business practices and thereby long-term value creation in their business models, processes and offerings.

The main focus of the analysis is on sustainability risks and opportunities to create value. In cases where Industrivärden identifies strategic conditions, risks or value creation opportunities in which it wants to exercise influence, these are defined in Industrivärden's respective owner agendas, which form the foundation for influencing work. The owner agendas are revised at regular intervals and are set by Industrivärden's executive management.

Industrivärden exercises influence through representation on the portfolio companies' nominating committees and boards. Members of these bodies with ties to Industrivärden are to have a current and pertinent understanding of the value creation measures identified for the respective portfolio companies. Against this background, Industrivärden's owner agendas for the portfolio companies are discussed on a continuous basis by Industrivärden's board. This allows Industrivärden to have an influence on strategic sustainability issues over time. The forms of active ownership are described in more detail on pages 13 and 16–21.

Analysis of material sustainability risks

Industrivärden's material sustainability risks and value creation opportunities exist in the portfolio companies, which are to manage these within the framework of their respective operations. Industrivärden's risk analysis aims to identify conditions that deviate from Industrivärden's understanding of an optimal approach in the respective portfolio companies. The analysis covers all material sustainability

risks in the respective companies with a base in the prioritized focus areas described above. Climate-related financial risks are one example, where the analysis covers both transition risks and physical risks (effects of a changed climate) from various scenarios and time perspectives. The portfolio companies' combined sustainability risks make up part of Industrivärden's equities risk, which is described on page 63.

The overall outcome of Industrivärden's risk analysis for the prioritized areas is shown in the tables on pages 24–26. In cases where Industrivärden's company-specific risk analysis (sustainability risks and value creation opportunities) indicates a need to exercise influence, such recommendations for action are defined in Industrivärden's owner agendas. Industrivärden's active ownership thus contributes to long-term reduction of risk levels and to increasing value creation.

Sustainability work in the portfolio companies




The portfolio companies are active in a wide range of industries and are in various stages of development. They therefore face different material challenges and opportunities. From an overall perspective it is Industrivärden's expectation that:

- they view sustainability as a key strategic issue and conduct first-rate sustainability work within their respective sectors, where sustainability aspects are integrated in their business models, business cultures, strategies, processes and product offerings;
- they develop and strengthen their sustainability work in a structured manner with support from relevant guidelines and measurable goals; and that
- they monitor, evaluate and communicate the progress of their sustainability work, and convey the manner in which they are contributing to long-term sustainable development in the communities in which they operate.

The portfolio companies all face general as well as company-specific sustainability challenges. This pertains to everything from reducing their carbon footprints and changing over to more resource-efficient production – with sustainable products – to ensuring healthy, inclusive and equal opportunity workplaces both in their own operations and upstream in the supply chain, and countering corruption. On the whole they have made great progress in capitalizing on the values created by conducting sustainable business and measure up well in comparison with their industry peers. Further information is available in the respective portfolio companies' sustainability reporting.


Responsible business and a sustainable societal role

Long-term value creation is grounded in good corporate governance, a positive work environment, good business ethics and social responsibility.

Industrivärden's goals	Outcome	Overarching risk analysis
 <p>All of the portfolio companies shall, based on specific competency needs, conduct active and targeted work to promote diversity and equal opportunity in all parts of the company.</p> <p>The goal is that the underrepresented gender will make up at least 40% of the portfolio companies' board members by 2030 from a portfolio perspective.</p>	<ul style="list-style-type: none"> • On the portfolio companies' boards, the underrepresented gender makes up 39% of directors • 100% of the portfolio companies have anti-discrimination principles in their codes of conduct or policies 	<p>All of the portfolio companies put strong emphasis on diversity and equality, since this strengthens their operations, and they work continuously on being an inclusive employer that offers equal opportunities to all employees. Among other things, the portfolio companies have adopted anti-discrimination principles in internal guidelines.</p>
 <p>Sustainable economic growth is a precondition for development of responsible companies that can create value over time. Against this background, the portfolio companies shall conduct their operations with focus on long-term value creation and good business ethics, and guarantee a safe workplace for all employees.</p>	<ul style="list-style-type: none"> • 100% of the portfolio companies have signed the UN Global Compact • 86% of the portfolio companies report accident frequency rate. 100% of the companies that have reported this during the last three years (Dec. 2018–Dec. 2021) have decreased their accident frequency rate 	<p>All of the portfolio companies generate sustainable value creation and have contributed to economic growth over time. The companies adhere to international conventions on human rights and working conditions, and conduct ambitious preventive work to ensure a safe work environment. All manufacturing companies in the portfolio report and work to minimize the number of accidents.</p>
 <p>The portfolio companies shall contribute to inclusive and sustainable societies by working within the framework of their own operations to promote human rights, ethical practices and sustainable societal development. Against this background they shall conduct ambitious anti-corruption work, among other things.</p>	<ul style="list-style-type: none"> • 100% of the portfolio companies have an anti-corruption policy • 100% of the portfolio companies have a code of conduct and whistleblower function • 100% of the portfolio companies provide training to their employees in the company's code of conduct 	<p>The portfolio companies contribute to inclusive and peaceful societies by promoting long-term sustainable development of society. All of the companies have codes of conduct for their employees and suppliers that enable reporting and follow-up of improprieties aimed at upholding good business ethics and combating corruption.</p>



Minimized negative climate and environmental impacts

Long-term value creation is based on minimizing negative climate and environmental impacts, and capitalizing on related business opportunities.

Industrivärden's goals	Outcome	Overarching risk analysis
 <p>Achieving a reduced carbon footprint is a precondition for sustainable value creation and a healthy planet. The portfolio companies shall therefore be at forefront of minimizing carbon emissions in their own production and value chains.</p> <p>The goal is that the portfolio companies will have adopted science-based targets* for reducing their carbon emissions (Scope 1-2). They will also have clear targets for reducing emissions in their value chains (Scope 3).</p> <p>* By science-based climate targets is meant targets based on scientific grounds, with recognized methods such as the Science Based Targets initiative, Carbon Law (Exponential Roadmap) or similar, with the aim of contributing to achievement of the goals of the Paris Agreement.</p>	<ul style="list-style-type: none"> • 86% of the portfolio companies have joined the Science Based Targets initiative, and 57% have had their targets approved. These targets contribute to the reduction goals within the framework of the Paris Agreement • 71% of the portfolio companies have concrete goals for reducing indirect carbon emissions in their value chains (Scope 3) 	<p>Several of the portfolio companies work in emissions-intensive industries or have major environmental impacts through their products and services. The companies therefore need to reduce their climate impact and employ climate-related opportunities for long-term value creation. The portfolio companies have expressed ambitions to reduce their carbon footprints and have set concrete goals for reducing their climate-affecting emissions. Science-based reduction targets are helping the companies choose the right level of ambition. See pages 77-78 for further information on the climate impact of the equities portfolio.</p>

Sustainable production and innovation

Long-term value creation is built upon development and innovation of sustainable products and services, and sustainable production.



Industrivärden's goals	Outcome and illustrative examples	Overarching risk analysis
 <p>Industrivärden's portfolio companies shall have high aspirations to conduct sustainable production and increase their competitiveness by developing sustainable innovations that are at the forefront of their industries.</p>	<ul style="list-style-type: none"> • In 2021 Essity achieved a breakthrough in sustainable tissue production at its plant in Mannheim, Germany, when it began producing tissue based on pulp from wheat straw. The manufacturing process uses less energy and water at the same time that the wheat straw fiber is comparable to wood fiber in terms of softness, strength and color. The products contain about 30% straw-based pulp and maintain the same quality as conventional wood-based pulp • Together with a fuel company, SCA entered into a joint venture to produce and sell liquid biofuels. SCA will deliver tall oil to the joint venture company 	<p>To manage future sustainability risks and opportunities, companies need to continually strengthen their sustainability work. The portfolio companies have a long tradition of actively promoting sustainable industrialization and innovation, and are well-equipped to deal with the transition to a more sustainable approach. They contribute in various ways with innovations for sustainable industry, and several are leading the transition in their respective industries.</p>
 <p>The portfolio companies shall offer long-term sustainable products and services that contribute to sustainable production and consumption. They shall have ambitious goals in this area and be at the forefront of resource-efficiency and circular business models.</p>	<ul style="list-style-type: none"> • 83% of the portfolio's manufacturing companies have measurable goals for reducing waste • 67% of the portfolio's manufacturing companies have measurable goals for reducing energy consumption in production or in products and services • Skanska has started a pilot project to produce bio-coal from construction waste. Biocoal has beneficial use in agriculture by helping to retain water and nutrients in fields to purify polluted land and water • Handelsbanken Fonder was the first Swedish fund company to switch indexes for five of its global and regional index funds to Paris Aligned Benchmarks • Volvo Group began series production of electric trucks in 2019 and today offers six electric truck models. The goal is that half of the company's trucks globally will be electric by 2030. The electrification trend is growing in Europe, and in 2021 40% of all newly registered electric trucks over 16 tons were made by Volvo 	<p>The portfolio companies are actively striving to offer sustainable products and contribute to the development of circular solutions. They are working actively to increase resource efficiency in production and operation, such as with respect to waste and energy consumption. The portfolio companies have high ambitions to be leaders in sustainability as a competitive advantage.</p>

Own operations

Industrivärden shall serve as a model and maintain a clear sustainability focus in its own operations. Proactive sustainability work shall be an integral part of the daily activities that are conducted by the approximately 15 employees at the office in Stockholm. The CEO has overarching responsibility for Industrivärden's sustainability work, and the Head of Sustainability has functional responsibility for internal collaboration and external communication on sustainability issues. Team managers are responsible for the integrated sustainability analysis in the respective portfolio companies.

Financial results

Favorable earnings performance and financial strength are necessary prerequisites for Industrivärden to be able to create long-term value for its shareholders and support the portfolio companies over time. Industrivärden's financial performance is described on pages 51–54, and the performance of Industrivärden's stock is shown on pages 30–31.

Industrivärden's goals	Outcome	Overarching risk analysis
 <p>Industrivärden shall be an attractive employer with focus on competence development, openness and diversity, and attract, recruit and retain competent employees.</p> <p>The goal is to maintain proportional representation of the underrepresented gender of at least 40% on Industrivärden's board and management team.</p>	<ul style="list-style-type: none"> On Industrivärden's board, the underrepresented gender accounts for 37% of directors, and in the Executive Management it accounts for 40% of members Continuously developed processes for broadened competence and diversity Further training of all employees in the Company's sustainability strategy, Code of Conduct, anti-corruption, and policy documents on the environment, climate and diversity Regularly recurring performance reviews with particular focus on the work environment and competence development Continuous evaluation of development opportunities for all employees 	<p>Industrivärden offers a workplace where the employees enjoy their work, feel good and can develop. To continuously improve operations, an ongoing dialogue is conducted with the employees on matters pertaining to the workplace, forms of cooperation and personal development.</p>
 <p>Even though Industrivärden's organization is small, the Company shall set a good example by minimizing its own carbon footprint and environmental impact.</p> <p>The goal is to reduce Industrivärden's Scope 1, 2 and 3 carbon emissions (excluding emissions from portfolio companies) by 50% by 2030 compared with 2017. This goal is aligned with the Paris Agreement's goal to limit global warming to well below 2 degrees Celsius.</p>	<ul style="list-style-type: none"> Industrivärden's carbon emissions have decreased by 49% since 2017 Measurement and follow-up of Industrivärden's Scope 1–3 environmental impacts and carbon footprint Report Industrivärden's carbon footprint to the CDP and compensate for the Company's footprint through offsets 	<p>Industrivärden works actively to minimize its own negative carbon footprint and environmental impacts, and compensates for all actual greenhouse gas emissions through offsets.</p>

Industrivärden's employees

Industrivärden shall be a workplace in which the employees enjoy their work, feel good and can develop. Toward this end, evaluations are continuously conducted of performance and development opportunities, and a continuous dialogue is conducted on matters related to the workplace, forms of cooperation and personal development. Industrivärden believes that better results are achieved at a workplace characterized by gender equality and diversity.

Environmental and climate work

Even though Industrivärden's organization is small, the Company shall set a good example by minimizing its own environmental impact and carbon footprint. Industrivärden has an ambition to reduce its own carbon footprint over time and compensates for all of its actual greenhouse gas emissions through offsets. To be able to monitor and compare the Company's carbon footprint, Industrivärden has been conducting carbon footprint reporting since 2010 within the CDP (Carbon Disclosure Project) framework. Greenhouse gas emissions for 2021 have been calculated using the market-based method of the GHG Protocol and are shown in the GRI Index on pages 73–76. Further information on the Company's indirect carbon footprint is provided on pages 77–78.

Development of sustainability work 2021

Further development of Industrivärden's sustainability analysis

With a base in Industrivärden's integrated framework for its sustainability analysis, during the period 2020–2021 a more in-depth review of the portfolio companies' sustainability work was conducted. Influencing activities are conducted within the framework of active ownership.

Establishment of goals for monitoring the portfolio companies' and Industrivärden's sustainability performance

During 2021 goals were established for sustainability performance with respect to climate action and diversity. Since previously, indicators and examples for monitoring sustainability work have also been used. During the year the description of Industrivärden's management of sustainability risks was also developed.

GRI Index and TCFD Reference

Industrivärden's sustainability report follows the most recent version of the Global Reporting Initiative (GRI 2016) Standard, Core level, with the Financial Services sector supplement. This is Industrivärden's fifth sustainability report produced in accordance with the GRI framework and draws from the GRI principles regarding content and quality. The report pertains to Industrivärden's own operations in 2021 (January 1–December 31, 2021). The ambition is to report yearly.

Industrivärden's operations are conducted by approximately 15 employees at the Company's head offices in Stockholm. Since 2017 stakeholder dialogues and subsequent materiality analyses have been conducted to identify the highest priority issues in the area of sustainability. These analyses form the basis for determining which disclosures are reported in Industrivärden's sustainability report and GRI Index. Industrivärden adheres to

sustainable business practices by adopting a clear sustainability perspective in its investment decisions and exercise of active ownership. The portfolio companies' sustainability reports are available on the respective companies' websites.

The GRI Index describes Industrivärden's sustainability work based on the GRI Standards. The report consists of the information below including the references provided as well as the information reported in the 2021 Annual and Sustainability Report, on Industrivärden's website, and on [cdp.net](https://www.cdp.net) according to the respective GRI Index.

In 2020 Industrivärden began implementing the recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD) for reporting climate-related risks, but at present does not report in accordance with the entire framework.

GRI Standards Index, Core level, financial services sector supplement

General disclosures		In Industrivärden's Sustainability Report (page)	In Industrivärden's Annual Report (page)	Comments
1. Organizational Profile				
102-1	Name of the organization		Back cover	
102-2	Activities, brands, products and services		4-5, 12-21	
102-3	Location of headquarters		Back cover	
102-4	Location of operations		Back cover	
102-5	Ownership and legal form		30-31, 43-47	
102-6	Markets served		33-40	
102-7	Scale of the organization		13-17, 57	
102-8	Information on employees and other workers	26	13, 57	All employees are active at the head offices in Stockholm. Data does not include any consultants and advisors. Industrivärden is a small company with approximately 15 employees. Apart from regulatory requirements, we therefore do not disclose information that can be coupled to individual persons.
102-9	Supply chain			Purchases of goods and services are made for the office activities in Stockholm. Suppliers are expected to comply with well-respected principles for business ethics.
102-10	Significant changes to the organization and its supply chain			No major changes during the year.
102-11	Precautionary principle or approach	22		The precautionary principle is adhered to with respect to assessments and management of sustainability risks in the portfolio companies and new investments. Industrivärden is a signatory of the UN Global Compact, whose environmental risks cover the precautionary principle.
102-12	External initiatives	22-26	10-11	The UN Global Compact, CDP and Global Reporting Initiative. The Company's Code of Conduct is based on the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the ILO Fundamental Conventions. This year's Annual and Sustainability Report also constitutes Industrivärden's Communication on Progress (CoP) for the UN Global Compact.
102-13	Membership of associations	22		Confederation of Swedish Enterprise, Centre for Business and Policy Studies (SNS), Royal Swedish Academy of Engineering Sciences (IVA), Swedish Investors for Sustainable Development (SISD).

General disclosures	In Industrivärden's Sustainability Report (page)	In Industrivärden's Annual Report (page)	Comments
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2. Strategy

102-14	Statement from senior decision-maker		9-11	
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3. Ethics and integrity

102-16	Values, principles, standards, and norms of behavior	22-26	12	
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4. Governance

102-18	Governance and Board of Directors		43-49	The CEO has overarching responsibility for sustainability work, which is an integral part of the Company's operations. Team managers are responsible for sustainability analyses of the respective portfolio companies. The Head of Sustainability has functional responsibility for sustainability-related issues and processes. The Board of Directors is responsible for the Company's sustainability report.
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5. Stakeholder engagement

102-40	List of stakeholder groups	22-23		A compilation of our most important stakeholder categories is presented on www.industrivarden.net .
102-41	Collective bargaining agreements			All employees are covered by collective bargaining agreements.
102-42	Identifying and selecting stakeholders	22-23		The process for identifying and defining the most important stakeholder categories is presented on www.industrivarden.net .
102-43	Approach to stakeholder engagement	22-23		Further information on the stakeholder dialogue is presented on www.industrivarden.net .
102-44	Key topics and concerns raised	22-23		A materiality analysis and compilation of priority issues is presented on www.industrivarden.net .

6. Reporting scope and boundaries

102-45	Entities included in the consolidated financial statements		41, 60	The report covers the Parent Company and all subsidiaries.
102-46	Defining report content and topic Boundaries		55	
102-47	List of material topics/sustainability issues	22-26		
102-48	Restatements of information			This is Industrivärden's fifth sustainability report in accordance with GRI.
102-49	Changes in reporting			No significant changes have taken place since the preceding report.
102-50	Reporting period		41	
102-51	Date of most recent report			This is Industrivärden's fifth sustainability report in accordance with GRI. The most recent annual report with sustainability information was published on February 25, 2021.
102-52	Reporting cycle		73	
102-53	Contact point for questions regarding the report		70	Head of Corporate Communication and Sustainability, Sverker Sivall, ssl@industrivarden.se
102-54	Claims of reporting in accordance with the GRI Standards		73	
102-55	GRI content index		73-76	
102-56	External assurance		65-68	The auditor has given a statement on the statutory sustainability report. Significant information is also included in the Company's Board of Directors' Report, which is reviewed by Industrivärden's auditor.

Topic specific disclosures	In Industrivärden's Sustainability Report (page)	In Industrivärden's Annual Report (page)	Comments
GRI 200: Economic			
GRI 201: Economic performance			
103-1 - 103-3 Sustainability governance	22-26	12-13, 16-17	
201-1 Direct economic value generated and distributed	26	28-31	
GRI 205: Anti-corruption			
103-1 - 103-3 Sustainability governance	22-26	12-13, 16-17	
205-1 Operations assessed for risks related to corruption	22-26		No material risks have been identified in the Company's own operations. Questions related to the Company's sustainability analysis are addressed on a continuing basis within the framework of active ownership.
205-2 Training in anti-corruption policies and procedures	22-26		All employees receive training in the annually revised Code of Conduct, which covers all aspects of corporate social responsibility in accordance with the Global Compact's 10 principles, including anti-corruption. Through Swedish Investors for Sustainable Development (SISD), Industrivärden participates in a work group that develops analysis models for anti-corruption.
GRI 300: Environment			
GRI 305: Emissions			
103-1 - 103-3 Sustainability governance	22-26	12-13, 16-17	
305-1 Energy indirect GHG emissions (Scope 2)	25		Scope 1 emissions in 2021 amounted to 14 tonnes CO2e (20) www.cdp.net: Industrivärden, CC 6.1.
305-2 Energy indirect GHG emissions (Scope 2)	25-26		Scope 2 emissions in 2021 amounted to 10 tonnes CO2e (16) (according to market-based method) www.cdp.net: Industrivärden, CC 6.3
305-3 Other indirect GHG emissions (Scope 3)	25-26	77-78	Scope 3 emissions in 2021 amounted to 10 tonnes CO2e (11) (business travel, publications, etc.) www.cdp.net: Industrivärden, CC 6.5. This GRI Index pertains to own operations, which is why portfolio emissions (which are normally included in Scope 3) are not included above. See page 77.
GRI 400: Social			
GRI 401: Employment			
103-1 - 103-3 Sustainability governance	22-26		See also the Company's Code of Conduct.
401-1 New employee hires and employee turnover			The Company has 15 employees. Employee turnover for new hires was 7% (13%), and 0% departures (13%). One man in age group -30 was newly hired.
401-3 Parental leave			During the period 2 men and 1 woman were on parental leave. Two men and 1 woman returned to work after parental leave during the reporting period.
GRI 403: Health and safety			
103-1 - 103-3 Sustainability governance	22-26		
403-2 Types of injury and rates of injury, and absenteeism			No occupational injuries during the period. Average absenteeism relative to total working time was 0%.
GRI 404: Training and education			
103-1 - 103-3 Sustainability governance	22-26		
404-1 Average hours of training per year per employee			The average number of hours per employee was 11
404-3 Percentage of employees receiving regular performance and career development reviews			All employees receive regular evaluations about their performance and career development.
GRI 405: Diversity and equal opportunity			
103-1 - 103-3 Sustainability governance	22-26	12-13, 16-17	
405-1 Diversity of governance bodies and employees		48-49, 57	

Topic specific disclosures	In Industrivärden's Sustainability Report (page)	In Industrivärden's Annual Report (page)	Comments
GRI 419: Socioeconomic compliance			
103-1 – 103-3 Sustainability governance	22–26	12–13, 16–17	
419-1 Non-compliance with laws and regulations in the social and economic area			Industrivärden has not been assessed any fines or other sanctions.
Sector-specific standards, Financial Services			
103-1 – 103-3 Sustainability governance	22–26		
FS 6 Percentage of the portfolio for business lines by specific region		33	All of the portfolio companies are listed on Nasdaq Stockholm.
FS 10 Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues			Sustainability issues are addressed in all portfolio companies within the framework of Industrivärden's analysis and influence activities.

Page references for disclosures in accordance with the TCFD's recommendations

Industrivärden has begun implementation of the recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD) for reporting of climate-related risks, but currently is not reporting entirely in accordance with the framework. The reporting is presented on pages 77–78.

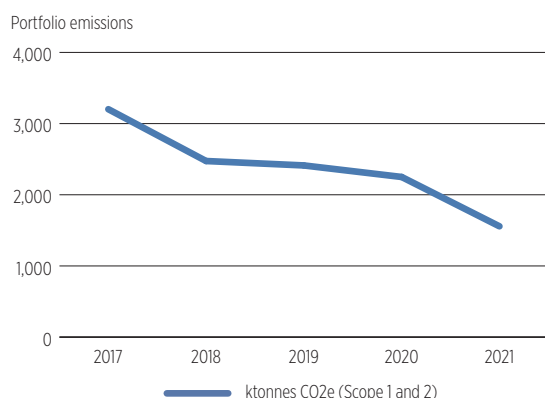
Category				
Reference	Governance	Strategy	Risk management	Metrics and targets
a)	43–47	22–25	13, 16–17, 22–23	25–26
b)	43–47	12, 22–24	13, 16–21, 22–23	75, 77
c)	not applicable	–	63, 78	25–26

Climate impact

As an engaged long-term owner, Industrivärden's largest carbon footprint is derived from its ownership of the portfolio companies. Greenhouse gas emissions (CO₂e) from its own operations and from the equities portfolio have been measured since 2010, when Industrivärden also began reporting its carbon footprint to the CDP (formerly Carbon Disclosure Project).

Emissions from equities portfolio

The largest share of Industrivärden's emissions are indirect CO₂e emissions within framework of the Company's ownership in the portfolio companies (Industrivärden's Scope 3 emissions). The chart below shows the equities portfolio's yearly emissions over a five-year period. Data has been obtained from the portfolio companies' own disclosures of greenhouse gas emissions (GHG Protocol, market-based method), in proportion to Industrivärden's share of ownership (equity share approach). This development illustrates the portfolio companies' concerted efforts to steadily reduce their carbon emissions as well as Industrivärden's divestment of its holding in the steel company SSAB in 2020/2021. The portfolio's emissions are reported in Industrivärden's Scope 3 emissions (the GRI Index on page 75 pertains only to Industrivärden's own operations) and reflect the portfolio companies' Scope 1 and 2 emissions, based on Industrivärden's share of ownership (share of votes, which in Industrivärden's case corresponds to higher emissions owing to larger shares of votes than equity in several portfolio companies). Further information about the equities portfolio's composition and Industrivärden share of ownership is provided on pages 15 and 33–40.



Industrivärden's own emissions

Industrivärden has calculated the carbon footprint from its own operations during the last ten years. Emissions come mainly from electricity and district heating consumption in the Company's office building and from business travel. During 2021 travel-related emissions remained low due to the Covid-19 pandemic. To reduce greenhouse

gas emissions, environmentally certified electricity from wind and hydro power is purchased, and the remainder is compensated through offsets. Carbon offsetting is done through the Gold Standard-certified project SKG Sangha Biodigester PoA in the State of Karnataka in India, where biogas digesters are being installed to produce clean and sustainable energy. For more specific emissions data, see the GRI Index on page 75.

TCFD – Task Force on Climate-related Financial Disclosures

The Task Force on Climate-related Financial Disclosures (TCFD) was launched in 2017, which provides guidance to companies on how to better identify and report climate-related financial risks and opportunities. Industrivärden has reported climate-related information to the CDP since 2010. Today the TCFD's recommendations are integrated in the CDP's questionnaire on climate change. Industrivärden began implementing the TCFD's recommendations on reporting climate-related risks and opportunities in 2020.

Governance

The Board's decisions on major investments continually take into consideration developments in the portfolio companies, and the Board decides on matters related to the exercise of active ownership in the portfolio companies. Individual directors on Industrivärden's board are represented on the portfolio companies' boards and also actively participate in the portfolio companies' nomination processes.

The Executive Management is responsible for the Company's day-to-day administration, which includes strategic, organizational and finance matters, control and follow-up as well as equity transactions, among other things. Members of the Executive Management participate actively in evaluations of the Company's assets as well as in active ownership measures and have depth of knowledge about the portfolio companies' challenges, opportunities and current owner agendas.

Industrivärden's company teams are responsible for the continuous monitoring of their respective portfolio companies, which among other things includes material sustainability issues, such as climate risks. The teams also update Industrivärden's owner agendas for the exercise of active ownership.

Directors on Industrivärden's board and members of the Executive Management, who also serve as AGM-elected directors on portfolio company boards, are to have a current and accurate understanding of value-creating measures that have been identified in the respective portfolio companies. Against this background, Industrivärden's owner agendas for the portfolio companies are continuously discussed by Industrivärden's board.

Strategy

Industrivärden's business mission is to contribute to the portfolio companies' long-term development and value creation through active ownership. Operations are grounded in Industrivärden's relative strengths, including a long-term investment perspective, strong positions of influence, a well-developed ownership model, depth of industrial knowledge and experience, financial strength and an extensive network.

The long-term investment horizon entails that adherence to sustainability principles in the portfolio companies is crucial for Industrivärden's opportunities to benefit from enduring growth in value. Industrivärden is therefore an owner that sets requirements and has high ambitions to contribute to sustainable businesses that generate long-term value and benefit the communities in which they operate.

With a foundation in Industrivärden's fundamental analyses of the respective portfolio companies, continuous updates are made of the owner agendas for value creation, which summarize the strategic value drivers that Industrivärden believes are most important for value creation during the coming three to five years.

Several of the portfolio companies conduct climate scenario analyses to identify their climate-related risks and opportunities. Industrivärden's sustainability analysis encompasses these descriptions as well as the measures being taken by the companies. Climate risks identified in the equities portfolio are reported in the sustainability report's overarching risk analysis.

Risk management

Industrivärden's largest climate risk stems from the aggregate climate risk in the equities portfolio, based on Industrivärden's share of ownership in the respective companies. Through its active ownership Industrivärden monitors the respective companies' identification, analysis and measures pertaining to climate risks. Where needed, influence is exercised in accordance with Industrivärden's ownership model. Ensuring that each portfolio company minimizes climate-related risks and takes advantage of the related opportunities is entirely central to the work on safeguarding and, over time, growing Industrivärden's net asset value.

Identifying and assessing climate-related risks and opportunities in the individual portfolio companies are done in Industrivärden's sustainability analysis, which is part of the respective portfolio companies' fundamental analyses. The risk analysis includes both transition risks and physical risks (effects of climate change) based on various scenarios and time perspectives. In the event Industrivärden determines that there is a need to influence matters regarding a climate risk of a strategic nature, this is defined in the owner agenda for the portfolio company. Further information on risk management is provided on pages 22-26.

Objective

Achieving a reduced climate impact mitigates transition risks and promotes long-term value development. It is therefore essential for achieving good growth in net asset value in accordance with Industrivärden's strategy. Moreover, from a broader perspective it is a precondition for a healthy planet. The portfolio companies are therefore to have prominent positions with respect to minimizing carbon emissions in their own production and value chains.

The goal is that the portfolio companies will have science-based targets for reducing their carbon emissions (Scope 1 and 2). They are also to have clear targets for reducing emissions along their value chains (Scope 3). This goal is followed up yearly and is reported in the sustainability report.